

**DETROIT TRANSPORTATION CORPORATION
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008**

DETROIT TRANSPORTATION CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Detroit Transportation Corporation
Detroit, Michigan

We have audited the accompanying financial statements of the Detroit Transportation Corporation (DTC), a component unit of the City of Detroit, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of DTC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the DTC as of June 30, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also be issuing a report on our consideration of DTC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Independent Auditors' Report
(Continued)**

The Management's Discussion and Analysis and the schedule of employer contribution are not a required part of the basic financial statements but are required supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements. The accompanying other supplementary schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Alan C. Young; Assoc.

December 22, 2008

**MANAGEMENT DISCUSSION
&
ANALYSIS (MD&A)**

**DETROIT TRANSPORTATION CORPORATION
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2008**

The management of Detroit Transportation Corporation (DTC) presents this narrative overview and analysis of the financial activities of the DTC for the fiscal year ended June 30, 2008. This discussion and analysis provides the management's insights to assist the readers to identify significant financial issues and also the changes in the financial position. We encourage readers to consider this information in conjunction with the financial statements as a whole.

Questions concerning any of the information provided in this report or request for additional information should be addressed to the Manager of Accounting, Detroit Transportation Corporation, 1420 Washington Blvd, 3rd Floor, Detroit MI 48226, Telephone # (313) 224-2160.

INTRODUCTION

The financial statements include the Statement of Net Assets, Statement of Revenues, Expenditures and Changes in Fund Net Assets and Statement of Cash Flows. These statements are supported by the notes to the financial statements, Management Discussion & Analysis (MD&A), and Required Supplementary Information other than MD&A.

FINANCIAL HIGHLIGHTS

The assets of the Corporation exceeded its liabilities at June 30, 2008 by \$84.67 million (net assets)

The enterprise fund activities operating loss decreased by \$1,886,183 from \$9,832,721 to \$7,946,538 or 19.18 % compared to prior year. The decrease in net assets was \$2,289,326, 2.29 % less than the prior year.

Per the statements of net assets, the Corporation has \$10,665,495 of its net assets restricted for beam maintenance which are currently invested in Comerica Bank and recorded at its fair value as of June 30, 2008.

The largest portion of the Corporation's net assets is reflected in its investment in capital assets (land, artwork, transportation equipment, office equipment, etc.).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as information regarding the DTC's basic financial statements. Since the Corporation is comprised of a single enterprise fund, no fund level financial statements are shown.

Basic Financial Statements – These are designed to provide the readers with a broad overview of the DTC's finances, in a manner similar to a private sector business. The statement of net assets presents the information about DTC's assets and liabilities and the difference between the two is reported as net assets. The statement of revenues, expenses and changes in fund net assets presents the revenues earned and expenses incurred during the year on an accrual basis.

DETROIT TRANSPORTATION CORPORATION
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2008
(Continued)

Notes to Financial Statements – The notes provide additional information which is essential for understanding of the data provided in the basic financial statements.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the DTC's net revenues, and budgetary highlights of revenues and expenditures as well as trend data on infrastructure condition.

Statement of Net Assets – Presented below are the condensed net assets (the detailed financial statement is provided on pages 7 and 8):

Assets:	2008	2007
Current Assets	\$10,297,671	\$12,289,766
Restricted Assets	10,665,495	10,061,637
Capital Assets Net of Accumulated Depreciation	<u>66,544,723</u>	<u>67,562,589</u>
Total Assets	<u>87,507,889</u>	<u>89,913,992</u>
Liabilities:		
Current Liabilities	2,554,558	2,625,433
Accrued Compensated Absences	275,922	289,706
Deferred Revenue	<u>8,010</u>	<u>40,128</u>
Total Liabilities	<u>2,838,490</u>	<u>2,955,267</u>
Net Assets:		
Unrestricted	7,459,181	9,334,499
Invested in Capital Assets, Net of Related Debt	<u>66,544,723</u>	<u>67,562,589</u>
Temporarily Restricted for Beam Maintenance	<u>10,665,495</u>	<u>10,061,637</u>
Total Net Assets	<u><u>\$84,669,399</u></u>	<u><u>\$86,958,725</u></u>

Analysis of Net Assets – As noted earlier, net assets may serve as a useful indicator of a government's financial position. DTC's assets exceeded liabilities by \$84.67 million at the close of fiscal year 2008.

DETROIT TRANSPORTATION CORPORATION
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2008
(Continued)

Statement of Activities – Presented below is the condensed activities for the years ended June 30, 2008 and 2007 (the detailed financial statement is presented on page 9):

	<u>2008</u>	<u>2007</u>
Operating Revenues:		
Charges for Sales and Services: Ticket Sales	\$1,084,693	\$1,068,241
Intergovernmental - City Subsidy	6,229,969	6,366,901
Intergovernmental - State of Michigan	4,059,679	4,024,676
Total Operating Revenues	<u>11,374,341</u>	<u>11,459,818</u>
Operating Expenses:		
Administration	(13,090,693)	(13,007,787)
Depreciation	(6,230,186)	(8,284,752)
Total Operating Expenses	<u>(19,320,879)</u>	<u>(21,292,539)</u>
Operating Loss	<u>(7,946,538)</u>	<u>(9,832,721)</u>
Non Operating Revenues:		
Investment Income	792,948	992,912
Grant, Bond and Other Revenues	4,864,264	1,301,069
Net Non Operating Revenues	<u>5,657,212</u>	<u>2,293,981</u>
Change in Net Assets	(2,289,326)	(7,538,740)
Net Assets, Beginning of Year	<u>86,958,725</u>	<u>94,497,465</u>
Net Assets, End of Year	<u><u>\$84,669,399</u></u>	<u><u>\$86,958,725</u></u>

Analysis of Statement of Activities – DTC's net assets decreased by \$2.29 million during the current fiscal year.

**DETROIT TRANSPORTATION CORPORATION
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2008
(Continued)**

BUDGETARY HIGHLIGHTS

	BUDGETED AMOUNTS			VARIANCE
	ORIGINAL	FINAL	ACTUAL	Positive/ (Negative)
Revenues:				
Ticket & Token Sales	\$1,082,400	\$1,082,400	\$1,084,693	\$2,293
Homeland Security Grant	0	0	547,733	547,733
FTA Grant	700,000	700,000	805,272	105,272
Misc. Revenue & Rental Income	656,685	656,685	24,690	(631,995)
Investment Income	134,685	134,685	792,948	658,263
Advertising Revenue	250,000	250,000	319,618	69,618
City Bond Revenue	2,900,000	2,900,000	3,162,969	262,969
City Cobo Bond Revenue	0	0	3,982	3,982
City Subsidy	6,229,976	6,229,976	6,229,969	(7)
State Operating Assistance	4,250,000	4,250,000	4,059,679	(190,321)
Total Revenues	16,203,746	16,203,746	17,031,553	827,807
Expenditures:				
Cost of Sales & Services				
Administration	13,052,647	13,052,647	13,090,693	(38,046)
Depreciation	6,305,644	6,305,644	6,230,186	75,458
Total Expenditures	\$19,358,291	\$19,358,291	\$19,320,879	\$37,412

During the year, the Detroit Transportation Corporation (DTC) received grants from Homeland Security in the amount of \$547,733 from new federal government transit allocations. Miscellaneous revenue fell below budgeted amount by \$631,995 due to non-sale of land parcels budgeted for the year.

Federal funding exceeded budgeted amounts due to capital projects moving forward enabling DTC to utilize previously approved capital grants from prior years. During the year, the DTC exceeded its budgeted investment income by \$658,263 due to change in investment portfolio invested by DTC management on the investment accounts.

Advertising Revenues exceeded budgeted levels by \$69,618 due to increase in DTC efforts to generate additional advertising revenues from vehicle wraps, station banners and station guide advertisements.

State operating subsidy included prior year's reconciled distribution in the amount of \$239,184.

CAPITAL ASSETS

DTC's investment in capital assets was \$66,544,723 net of accumulated depreciation as of June 30, 2008, a decrease of 1.51% compared to prior year. Capital assets include land, transportation equipment, train control and office equipment, etc. Depreciation was provided on all depreciable capital assets using the straight-line method. Additional information about capital assets can be found in Note 2-B to the basic financial statements.

CAPITAL ACQUISITION GRANT ACTIVITIES

Capital grants for the acquisition of capital assets are recorded as grants receivable in the balance sheet and capital contributions in the statement of revenues, expenses and changes in the net assets when the related qualified expenditures are incurred.

**DETROIT TRANSPORTATION CORPORATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008**

ASSETS

Current Assets:

Cash & Cash Equivalents (Notes 1 & 2)	\$2,849,914
Investments (Note 2)	600,939
Accounts Receivable	356,411
Inter-Governmental Receivables (Note 2)	1,804,256
Inventories	4,225,782
Prepaid Expenses	460,369
Total Current Assets	<u>10,297,671</u>

Non Current Assets (Note 2):

Restricted Investments	10,665,495
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Capital Assets (Note 2):

Land	5,122,237
Artwork	1,986,000
Transportation Equipment & Structures	192,265,687
Capital Work in Process	2,192,094
Other Equipment	4,773,901
Furniture and Fixture	468,730
Auto	63,354
Less: Accumulated Depreciation	<u>(140,327,280)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>66,544,723</u>

Total Non Current Assets	<u>77,210,218</u>
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Total Assets	<u><u>\$87,507,889</u></u>
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The accompanying notes are an integral part of these financial statements.

DETROIT TRANSPORTATION CORPORATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008
(Continued)

LIABILITIES AND NET ASSETS

Current Liabilities Payable from Current Assets:

Accounts & Contract Payable	\$1,521,943
Accrued Salaries & Wages	199,109
Accrued Pension Payable	524,359
Other Payables (Note 2)	309,147
Deferred Revenue	8,010
Total Current Liabilities	<u>2,562,568</u>

Accrued Compensated Absences	275,922
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Total Liabilities	<u>2,838,490</u>
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NET ASSETS

Unrestricted	7,459,181
Invested in Capital Assets, Net of Related Debt (Accumulated Depreciation of \$140,327,280)	66,544,723
Temporarily Restricted for Beam Maintenance	10,665,495
Total Net Assets	<u>84,669,399</u>

Total Liabilities and Net Assets	<u><u>\$87,507,889</u></u>
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The accompanying notes are an integral part of these financial statements.

DETROIT TRANSPORTATION CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Unrestricted Assets	Temporarily Restricted Assets	Total
Operating Revenues:			
State			
Intergovernmental - State of Michigan	\$4,059,679	\$0	\$4,059,679
Local			
Intergovernmental - City Subsidy (Note 2)	6,229,969	0	6,229,969
Charges for Sales and Services: Ticket Sales	1,084,693	0	1,084,693
Total Operating Revenues	<u>11,374,341</u>	<u>0</u>	<u>11,374,341</u>
Costs of Sales and Services:			
Administration	13,090,693	0	13,090,693
Depreciation	6,230,186	0	6,230,186
Total Operating Expenses	<u>19,320,879</u>	<u>0</u>	<u>19,320,879</u>
Operating Loss	(7,946,538)	0	(7,946,538)
Non-Operating Revenues (Expenses):			
Federal			
FTA Grant Revenue	805,272	0	805,272
Homeland Security Grant	547,733	0	547,733
Local			
City Bond Revenue (Vehicle overhaul)	2,653,619	0	2,653,619
City Bond Revenue (ATC Upgrade)	509,350	0	509,350
Cobo Bond Revenue	3,982	0	3,982
Investment Income	132,484	660,464	792,948
Rental Income	22,323	0	22,323
Misc. Revenue	2,367	0	2,367
Advertising Income	319,618	0	319,618
Net Assets Released from Restriction			
Restriction Satisfied with Incurrence of Expenses for Beam Maintenance (Note 4)	56,606	(56,606)	0
Total Nonoperating Revenue (Expenses)	<u>5,053,354</u>	<u>603,858</u>	<u>5,657,212</u>
Change in Net Assets	(2,893,184)	603,858	(2,289,326)
Net Assets - Beginning of Year	<u>76,897,088</u>	<u>10,061,637</u>	<u>86,958,725</u>
Net Assets - End of Year	<u><u>\$74,003,904</u></u>	<u><u>\$10,665,495</u></u>	<u><u>\$84,669,399</u></u>

The accompanying notes are an integral part of these financial statements.

DETROIT TRANSPORTATION CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATIONS

Receipts from Customers	\$198,688
Cash Receipts from State of Michigan	4,496,496
Cash Receipts from City of Detroit	10,552,947
Cash Receipts from Federal	999,476
Payments to Suppliers	(7,158,481)
Payments to Employees	(6,560,887)
Payment of Accrued Pension	(59,199)
Accrued Compensated Absences	(13,784)
Other Operating Cash Receipts (Payments)	1,077,265
Net Cash Provided by (Used in) Operating Activities	<u>3,532,521</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	(5,212,320)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(5,212,320)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Restricted Investment, Net	(603,858)
Investment, Net	(38,723)
Investment income	792,948
Net Cash Provided by (Used in) Investing Activities	<u>150,367</u>

Net Increase (Decrease) in Cash and Cash Equivalents	(1,529,432)
Cash and Cash Equivalents, Beginning of Year	4,379,346
Cash and Cash Equivalents, End of Year	<u>\$2,849,914</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income (Loss)	(\$7,946,538)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities	
Depreciation and Amortization	6,230,186
Other Income	4,864,264
Change in Accounts Receivable	(120,930)
Change in Due from Inter-Governmental Receivables	930,168
Change in Prepaid Expenses	109,091
Change in Inventories	(416,943)
Change in Accounts & Contracts Payable	(181,286)
Change in other payables	309,147
Change in Accrued Salaries Payable	(139,537)
Change in Accrued Pension Payable	(59,199)
Change in Accrued Compensated Absences	(13,784)
Change in Deferred Revenue	(32,118)
Total Adjustment	<u>11,479,059</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$3,532,521</u>

The accompanying notes are an integral part of these financial statements.

DETROIT TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Detroit Transportation Corporation (DTC) was incorporated in 1985 as a Michigan Public Body Corporate for the purpose of acquiring, owning, constructing, furnishing, equipping, completing, operating, improving, enlarging, and/or disposing of the Central Automated Transit Systems (CATS) in Detroit, Michigan. DTC acquired the CATS project from the Suburban Mobile Authority for Regional Transportation (SMART), formerly Southeastern Michigan Transportation Authority (SEMTA), on October 4, 1985. DTC, created by the City of Detroit pursuant to Act 7 of Public Acts of 1967, is a component unit of the City of Detroit and accounts its activity as per proprietary funds.

The CATS project, predominantly known as the Downtown People Mover (DPM), officially opened to the public on July 31, 1987. The DPM has automated rail cars traveling a 2.9-mile loop around Detroit's central business district. Effective November 18, 1988, DTC assumed responsibility to operate and maintain the People Mover System, a responsibility which had been performed by the primary contractor, Urban Transportation Development Corporation (UTDC), on a month-to-month basis until that date.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from the date of acquisition. Investments are valued at their fair value plus accrued interest in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

Definition of Operating Activities

DTC considers operating revenues and expenses to be those that result from activities related to the operations of Detroit Transportation Corporation. Such operating revenue includes the receipts generated from operating and maintaining the Downtown People Mover.

DETROIT TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Continued)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Cash Flows

For purposes of reporting cash flows, the Corporation considers "cash" as cash on deposit in financial institutions.

Inventories

Inventories consist of spare parts and are valued at cost.

2) ASSETS, LIABILITIES AND NET ASSETS

(A) Cash and Investments

Cash consists of checking accounts, money market accounts, and cash-on-hand. At June 30, 2008, the Corporation's bank accounts held approximately \$1,561,901 in excess of federal insurance coverages.

DTC had adopted the City's official investment policy, which is in accordance with Michigan Public Act 20 of 1943, as amended, and Michigan Public Act 94 of 1997, as amended. DTC deposits funds with banks and invests in U.S. Government obligations as authorized by the aforementioned acts.

In accordance with Government Accounting Standards Board's Statement No. 3, investments are categorized to indicate the level of risk assumed by the Corporation. Category 1 includes investments, which are insured or registered, or held by the Corporation, or held by an agent in the Corporation's name. Category 2 includes investments which are uninsured and unregistered, held by an agent in the Corporation's name. Category 3 includes investments which are uninsured and unregistered, held by an agent but not in the Corporation's name.

Custodial Credit Risk of Bank Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, DTC deposits may not be returned to it. At year end, DTC had a deposit balance of \$1,561,901 that was uninsured and uncollateralized. (DTC evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.) The custodial risk for Investments will be minimized by limiting investments to the types of securities allowed by City's investment policy and by pre-qualifying the financial institutions.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. DTC's policy minimizes interest rate risk by investing funds primarily in Fixed Income, Treasuries and Mutual Funds.

DETROIT TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Continued)

2) ASSETS, LIABILITIES AND NET ASSETS

(A) Cash and Investments – (Continued)

Credit Risk

At year end, the credit quality ratings of securities are as follows:

	Rating	Cost		Fair Value	
		Unrestricted	Restricted	Unrestricted	Restricted
Rating Organization : Standards & Poor's Rating and Moody's Rating					
Cash & Cash Equivalents	None	3,167,706	2,104,725	3,167,706	2,104,725
Fixed Income					
Treasury Inflation Index Notes					
US Treasury Inflation Index	AAA/Aaa	26,523	0	30,904	0
Treasuries					
US Treasury Bond	AAA/AAA	0	163,078	0	178,453
US Treasury Bond	AAA/Aaa	0	251,367	0	269,188
US Treasury Note	/Aaa	49,674	0	50,031	
US Treasury Note	Unrated	0	244,137	0	247,891
U.S. Agencies					
Federal Home Loan Bank	Aaa/AAA	0	612,309	0	636,703
Federal Home Loan Bank	Unrated	0	149,670	0	149,391
Federal Home Loan Mortgage	Aaa/AAA	130,863	106,841	131,070	106,156
Federal National Mortgage	Aaa/AAA	0	149,265	0	152,672
Federal Natl. Mtg. Assn.	Aaa/AAA	54,785	337,814	53,688	344,625
Financing Corp.	Aaa/NR	15,589	214,429	14,438	202,125
Ref Corp. Strip Principal	Aaa/AAA	0	349,680	0	1,897,763
Resolution Fdg. Corp. 4/1	Aaa/AAA	0	49,480	0	338,747
Resolution Fdg. Corp. Strips	Aaa/AAA	0	306,347	0	2,385,532
Equities					
Mutual Funds	Unrated	0	1,646,257	0	1,620,935
Accrued Interest		3,016	30,589	3,016	30,589
Total		\$3,448,156	\$6,715,988	\$3,450,853	\$10,665,495

Concentration of Credit Risk

DTC's policy minimizes concentration of credit risk by; and, requiring diversification of the investment portfolio so that the impact if potential losses from any one type of security will be minimized.

Foreign Currency Risk

Foreign Currency risk is the risk that an investment denominated in the currency of a foreign country could reduce is U.S dollar value, as a result of changes in foreign currency exchange rates. DTC's policy prohibits investment in foreign currency.

DETROIT TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Continued)

2) ASSETS, LIABILITIES AND NET ASSETS (Continued)

(B) Property, Plant & Equipment & Depreciation

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Artwork	25 Years
Transportation Equipment & Structures	17-30 Years
Other Equipment	5-7 Years
Train Control Upgrading	17 Years
Power Rail Heat Tape	10 Years

Expenditures for maintenance and repairs are charged to expense. Renewals or betterments, which extend the life or increase the value of properties, are capitalized.

DTC's Capital asset activity during the year was as follows:

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Capital Assets not being Depreciated:				
Land	\$5,122,237	0	0	\$5,122,237
Capital Work in Process	149,302	2,042,792	0	2,192,094
Total Assets not being Depreciated	5,271,539	2,042,792	0	7,314,331
Capital Assets being Depreciated:				
Artwork	1,986,000	0	0	1,986,000
Transportation Equipment & Structure	189,761,012	2,504,675	0	192,265,687
Other Equipment	4,298,119	635,272	159,490	4,773,901
Furniture & Fixture	456,112	29,582	16,964	468,730
Auto	63,354	0	0	63,354
Total Assets being Depreciated	196,564,597	3,169,529	176,454	199,557,672
Total Capital Assets	201,836,136	5,212,321	176,454	206,872,003
Accumulated Depreciation:				
Artwork	1,271,040	79,440	0	1,350,480
Transportation Equipment & Structure	129,414,841	5,686,820	0	135,101,661
Other Equipment	3,350,798	396,045	159,490	3,587,353
Furniture & Fixture	185,248	64,681	16,964	232,965
Auto	51,621	3,200	0	54,821
Subtotal	134,273,548	6,230,186	176,454	140,327,280
Net Capital Assets being Depreciated	62,291,049	(3,060,657)	0	59,230,392
Net Capital Assets	\$67,562,588			\$66,544,723

DETROIT TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Continued)

2) ASSETS, LIABILITIES AND NET ASSETS (Continued)

(C) Inter Governmental Receivables

At June 30, 2008 Inter Governmental receivables as of year end are as follows:

Federal Transit Administration	\$211,038
Department of Transportation	117,631
City of Detroit	1,307,230
State of Michigan (Homeland Security Grant)	168,357
Total	<u>\$1,804,256</u>

(D) City of Detroit Subsidy

The ability of DTC to continue operations at current levels is dependent upon DTC receiving a subsidy from the City of Detroit (the City). Realization of the carrying value of assets of DTC is dependent upon the success of future operations or the receipt of such subsidies. The subsidy from the City for the year ended June 30, 2008 amounted to \$6,229,969.

(E) State Operating Assistance Grant

Under Act 51 of the Public Acts of 1951, as amended, the State of Michigan makes distributions of funds that have been appropriated for mass transit operating assistance. DTC has recorded operating grant revenues under Act 51 based on a formula that takes into account the eligible costs incurred by DTC. The total state operating assistance grant for the year ending June 30, 2008 amounted to \$ 3,820,495. During the year DTC received \$239,184 as operating assistance for the previous years which has been recorded as current year revenue.

Based on the latest available determinations of State operating assistance allocable to DTC in accordance with the Act 51 funding formula, operating assistance payments were received in excess of the amounts allocable to DTC. The excess of \$309,147 for the current year ended June 30, 2008 is recorded as payable to the State of Michigan.

(F) Deferred Compensation Plan

Detroit Transportation Corporation established a plan to permit its employees to defer a portion of their salary for the purpose of providing either retirement benefits or death benefits in the event of death prior to retirement. The Plan was established in accordance with Internal Revenue Code Section 457.

In accordance with GASB No. 32, the deferred compensation plan assets pertaining to the DTC's plan are no longer included in the financial statements.

(G) Inventories

Inventories are recorded at cost and expensed when used.

DETROIT TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Continued)

2) ASSETS, LIABILITIES AND NET ASSETS (Continued)

(H) Beam Maintenance

Inspections of the people mover system (the System) at the time of completion revealed that structural defects exist that have resulted in, and may continue to result in, cracks in the beams supporting the System's Guide-way. These structural defects were determined to be the responsibility of UTDC. The total cost of maintenance was estimated at a present value of \$3,000,000 and will be made at various times over the life of the System.

DTC obtained a settlement with UTDC amounting to \$3,000,000, and DTC assumed responsibility for all beam maintenance. Such amount was invested and the fair value of the investments at June 30, 2008 is reflected as a restricted asset in the accompanying financial statements.

(I) Related Party Transaction

DTC reported expenses for utilities provided by the City totaling \$629,419 for fiscal year ended June 30, 2008.

(J) Defined Benefit Pension Plan

Plan Description

DTC contributes to the Detroit Transportation Corporation Employees' Retirement Plan (the Plan), which was established on July 1, 1988. DTC's payroll for employees covered by the Plan for the years ended June 30, 2008 and 2007 was \$4,569,120 and \$4,449,849. DTC employees are not required to contribute to the Plan.

All DTC employees who have attained the age of 21 are eligible for the Plan. Benefits vest after five years of service. DTC employees who retire at or after the age of 62 (normal retirement) are entitled to an annual retirement benefit, payable monthly for life. The retirement benefits is an amount equal to employees final average earnings, which shall be 1.5% for the employees years of credited service from year one to year ten, 1.7% for credited service for year eleven to twenty and 1.9% for the credited service for year twenty one and thereafter. Final average is determined as the average of the highest annual earnings for the five consecutive calendar years during the last ten consecutive calendar years of employment with the DTC.

DTC employees who retire at or after the age of 55 with five or more years of vesting service (early retirement) are entitled to the normal retirement benefit reduced by 0.6% for each month that early retirement precedes normal retirement. The Plan also provides death and disability benefits.

Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7% per year, net of investment expenses, (b) projected salary increases of 4% per year, (c) heavy rates of termination, and (d) moderate rates of disablement.

DETROIT TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Continued)

2) ASSETS, LIABILITIES AND NET ASSETS (Continued)

(J) Defined Benefit Pension Plan (Continued)

Contribution Required and Contribution Made

DTC contributes to the Plan based upon actuarially determined contribution requirements. The contribution rate for normal cost is determined using the projected unit credit cost method. The significant actuarial assumptions used to compute the pension benefit obligation are described above.

The required contributions to the Plan were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of July 1, 2007 and 2006. The minimum required contribution for 2008 and 2007 consisted of normal costs of \$501,654 and \$560,853 respectively, (approximately 12.06% and 12.43%, respectively, of current covered payroll per actuary report) plus interest on the normal costs.

(K) Commitments & Contingencies

DTC is self-insured for up to \$5 million under their general liability insurance policy. As of June 30, 2008 the Corporation had approximately \$600,939 on deposit in order to fund any future claims made on this policy. These amounts are included in the investments account in the accompanying balance sheets.

(L) Net Assets

Business type financial statements use net asset presentation. Net assets are categorized as follows:

1. Investment in Capital Assets (Net of Related Debt) – consists of capital assets net of accumulated depreciation. This amount would further reduce by the portion of debt attributable to those assets.
2. Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by DTC. The donors of these assets permit DTC to use all or part of the income earned on related investments for general or specific purposes.
3. Temporarily Restricted – Net assets subject to donor-imposed stipulations that can be met either by actions of DTC and/or the passage of time.
4. Unrestricted Net Assets – consists of unrestricted net assets which the Corporation's management can use for various purposes.

(M) Compensated Absences

The DTC records as a liability estimated vested vacation and sick pay in accordance with GASB Statement No. 16, Accounting for Compensated Absences. Unused vacation and sick pay accumulates until termination of employment.

**DETROIT TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Continued)**

3) BUDGETARY DATA

Budgeting Policies

The DTC's yearly budget is presented to the City's Budget Department for review and a determination of the annual subsidy for the ongoing operation and maintenance of the DPM.

The DTC meets with the City Budget Department generally during the month of February each year to justify the budget submitted. Shortly thereafter, the Budget Department will inform the DTC on their recommendation for the total subsidy that will be forwarded to the Mayor. Before the budget hearing with the Mayor that is usually conducted in April, the DTC submits additional justification to support the items not approved by the Budget. A date will be set for the City Council budget hearing with the DTC, which usually falls in May. The DTC budget approved by the City Council represents the final allocation for the fiscal year.

The DTC then prepares an Operation and Maintenance Agreement with the Detroit Department of Transportation (DDOT) for the Subsidy Agreement for the fiscal year. The DTC budget is passed through DDOT.

4) RELEASE OF TEMPORARILY RESTRICTED NET ASSETS

Beam Maintenance

Net assets were released from temporary restriction by incurring expenses for on going maintenance, according to the long term guide-way plan in the amount of \$56,606. The balance in net assets temporarily restricted for maintenance of guide-way represents the investments recorded at fair value. This amount will be used for any future maintenance of the system guide-way (beam).

5) BOND REVENUE PASSED THROUGH DDOT

In financial year 2006, the City Council approved funds to be paid to DTC through DDOT from the proceeds a bond issuance in an amount not to exceed \$10 million dollars for major transportation capital projects namely a vehicle overhaul project, a capital project of DTC. For the year ended June 30, 2008, \$2,653,619 was spent on this project, which was recorded as revenue in the financial statements.

6) CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Corporation expects such amounts, if any, to be immaterial.

DETROIT TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Continued)

6) CONTINGENT LIABILITIES (Continued)

DTC is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the DTC's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the DTC.

7) INELIGIBLE EXPENSES PER THE BPT R&E MANUAL

Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual). DTC did not incur expenses associated with Rental Income and, therefore, no expenses are subtracted out as ineligible expense on Schedule 6 of other supplementary information. Any capital money used to pay for operating expenses are either subtracted out as ineligible or not included in total expenses to be reimbursed with State Formula Funds.

8) NON FINANCIAL DATA

The methodology used for compiling mileage on Schedule 4N of other supplementary information is an adequate and reliable method for recording vehicle mileage.

REQUIRED SUPPLEMENTARY INFORMATION

**DETROIT TRANSPORTATION CORPORATION
SCHEDULE OF EMPLOYER CONTRIBUTION
YEAR ENDED JUNE 30, 2008**

SCHEDULE OF EMPLOYER CONTRIBUTION:

<u>Year Ended June 30</u>	<u>Annual Recommended Contributions</u>	<u>Percentage Contributed</u>
1998	\$147,567	100%
1999	\$148,122	100%
2000	\$160,712	100%
2001	\$168,538	100%
2002	\$210,220	100%
2003	\$347,322	100%
2004	\$326,258	100%
2005	\$365,020	100%
2006	\$279,342	100%
2007	\$633,061	100%
2008	\$552,782	100%

OBLIGATION FOR BENEFITS:

The following information is the actuarial accrued liability measure computed as part of an actuarial valuation performed as of July 1, 2007 and 2006. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.0% per year, net of investment expenses (b) projected salary increases of 4% per year (c) heavy rates of termination and (d) moderate rates of disablement.

	<u>2008</u>	<u>2007</u>
Pension Benefit Obligation:		
Current Employees		
Employer Financed:		
Vested	\$5,270,767	\$4,610,251
Non-Vested	194,424	202,569
Total Pension Benefit Obligation	<u>5,465,191</u>	<u>4,812,820</u>
Net Assets Available for Benefits	<u>5,333,285</u>	<u>4,742,226</u>
Excess of Net Assets over Benefit Obligation	<u>(\$131,906)</u>	<u>(\$70,594)</u>

OTHER SUPPLEMENTARY INFORMATION

DETROIT TRANSPORTATION CORPORATION
LOCAL REVENUES
YEAR ENDED JUNE 30, 2008

SCHEDULE 1

	07/01/07 to 09/30/2007	10/01/07 to 06/30/2008	Total
Faregate Revenue	\$80,641	\$263,772	\$344,413
Pass Sales	12,347	57,107	69,454
Token Sales	154,210	516,616	670,826
City Bond Revenue (Vehicle Overhaul)	0	2,653,619	2,653,619
City Bond Revenue (ATC Upgrade)	0	509,350	509,350
Cobo Bond Revenue	0	3,982	3,982
City Subsidy	2,120,664	4,109,305	6,229,969
Investment Income	164,402	628,546	792,948
Rental Income	6,570	15,753	22,323
Miscellaneous Revenue	0	2,367	2,367
Advertising Income	63,950	255,668	319,618
Total	\$2,602,784	\$9,016,085	\$11,618,869

**DETROIT TRANSPORTATION CORPORATION
LOCAL REVENUES
BASED ON A SEPTEMBER 30, 2007 YEAR END**

SCHEDULE 1A

	10/01/06 to 06/30/2007	07/01/07 to 09/30/2007	Total
Faregate Revenue	\$244,101	\$80,641	\$324,742
Pass Sales	57,526	12,347	69,873
Token Sales	541,642	154,210	695,852
City Bond Revenue (Vehicle Overhaul)	149,302	0	149,302
Cobo Bond Revenue	569,889	0	569,889
City Subsidy	4,117,602	2,120,664	6,238,266
Investment Income	950,215	164,402	1,114,617
Rental Income	15,286	6,570	21,856
Miscellaneous Revenue	6,263	0	6,263
Advertising Income	160,914	63,950	224,864
Total	\$6,812,740	\$2,602,784	\$9,415,524

DETROIT TRANSPORTATION CORPORATION
EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE 5

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant No./ Authorization Number	Total Project Cost	Local Share	FTA Share	Current Year's Expenditures			Prior Year's Expenditures			Award Remaining	
						Total	Federal	State	Total	Federal	State		Local
U.S. Department of Transportation													
Direct Assistance													
Federal Transit Capital Investment Grant	20.500	5309	\$406,150	\$81,251	\$324,899	\$240,000	\$192,000	\$0	\$48,000	\$25,000	\$0	\$5,000	\$112,899
Federal Transit Capital Investment Grant	20.500	5309	592,997	118,600	474,397	0	0	0	0	856	684	172	473,713
Federal Transit Capital Investment Grant	20.500	5309	1,079,281	179,880	899,401	369,632	295,706	0	73,926	0	0	0	603,695
Federal Transit Formula Grant	20.507	5307	4,315,936	863,187	3,452,749	46,853	37,483	0	9,370	0	0	0	3,415,266
Federal Transit Formula Grant	20.507	5307	1,000,000	200,000	800,000	350,104	280,083	0	70,021	0	0	0	519,917
Transportation Security Administration													
2005 Homeland Security	97.075				388,000	399,627	379,376	0	20,251	8,624	8,624	0	0
2006 Homeland Security	97.075				507,797	155,191	155,191	0	0	0	0	0	352,606
2007 Homeland Security	97.075				57,097	14,179	13,166	0	1,013	0	0	0	43,931
Michigan Department of Transportation													
Operating Assistance-ACT 51	N/A	N/A	3,820,495			3,820,495	0	3,820,495	0	0	0	0	0
Urban													
Total					\$6,904,340	\$5,396,081	\$1,353,005	\$3,820,495	\$222,581	\$34,480	\$29,308	\$0	\$5,172
													\$5,522,027

**DETROIT TRANSPORTATION CORPORATION
FEDERAL AND STATE AWARDS
OPERATING REVENUE ONLY**

FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE 2A

	<u>07/01/07 to 09/30/2007</u>	<u>10/01/07 to 06/30/2008</u>	<u>Total</u>
Michigan Department of Transportation Operating Assistance-ACT 51	\$939,031	\$2,881,464	\$3,820,495
Total	<u>\$939,031</u>	<u>\$2,881,464</u>	<u>\$3,820,495</u>

**DETROIT TRANSPORTATION CORPORATION
FEDERAL AND STATE AWARDS
OPERATING REVENUE ONLY**

BASED ON A SEPTEMBER 30, 2007 YEAR END

SCHEDULE 2B

	<u>10/01/06 to 06/30/2007</u>	<u>07/01/07 to 09/30/2007</u>	<u>Total</u>
Michigan Department of Transportation Operating Assistance-ACT 51	\$3,210,578	\$939,031	\$4,149,609
Total	<u>\$3,210,578</u>	<u>\$939,031</u>	<u>\$4,149,609</u>

DETROIT TRANSPORTATION CORPORATION
OPERATING AND CONTRACT EXPENSES
YEAR ENDED JUNE 30, 2008

SCHEDULE 3

	<u>Urban</u>	<u>Nonurban</u>	<u>Total</u>
Labor	\$4,569,120	\$0	\$4,569,120
Fringe Benefits	1,770,261	0	1,770,261
Audit Cost	23,390	0	23,390
Services	4,105,650	0	4,105,650
Material and Supplies	448,255	0	448,255
Utilities	976,879	0	976,879
Insurance	779,800	0	779,800
Purchased Service	0	0	0
Miscellaneous	231,377	0	231,377
Interest	0	0	0
Operating Leases	185,961	0	185,961
Depreciation	6,230,186	0	6,230,186
Total	<u>\$19,320,879</u>	<u>\$0</u>	<u>\$19,320,879</u>

DETROIT TRANSPORTATION CORPORATION
OPERATING AND CONTRACT EXPENSES SPLIT BETWEEN A JUNE 30 AND SEPTEMBER 30 YEAR END
YEAR ENDED JUNE 30, 2008

SCHEDULE 3A

	Urban			Nonurban		
	07/01/07 to 09/30/2007	10/01/07 to 06/30/2008	Total	07/01/07 to 09/30/2007	10/01/07 to 06/30/2008	Total
Labor	\$1,076,307	\$3,492,813	\$4,569,120	\$0	\$0	\$0
Fringe Benefits	395,236	1,375,025	1,770,261	0	0	0
Audit Cost	5,848	17,542	23,390	0	0	0
Services	1,035,913	3,069,737	4,105,650	0	0	0
Material and Supplies	92,490	355,765	448,255	0	0	0
Utilities	165,049	811,830	976,879	0	0	0
Insurance	199,083	580,717	779,800	0	0	0
Purchased Service	0	0	0	0	0	0
Miscellaneous	51,242	180,135	231,377	0	0	0
Interest	0	0	0	0	0	0
Operating Leases	44,954	141,007	185,961	0	0	0
Depreciation	1,520,050	4,710,136	6,230,186	0	0	0
Total	\$4,586,172	\$14,734,707	\$19,320,879	\$0	\$0	\$0

**DETROIT TRANSPORTATION CORPORATION
OPERATING AND CONTRACT EXPENSES
BASED ON A SEPTEMBER 30, 2007 YEAR END**

SCHEDULE 3B

	Urban			Nonurban		
	10/01/06 to 06/30/2007	07/01/07 to 09/30/2007	Total	10/01/06 to 06/30/2007	07/01/07 to 09/30/2007	Total
Labor	\$3,370,628	\$1,076,307	\$4,446,935	\$0	\$0	\$0
Fringe Benefits	1,423,705	395,236	1,818,941	0	0	0
Audit Cost	17,544	5,848	23,392	0	0	0
Services	3,280,313	1,035,913	4,316,226	0	0	0
Material and Supplies	607,330	92,490	699,820	0	0	0
Utilities	638,687	165,049	803,736	0	0	0
Insurance	615,412	199,083	814,495	0	0	0
Purchased Service	0	0	0	0	0	0
Miscellaneous	298,289	51,242	349,531	0	0	0
Interest	0	0	0	0	0	0
Operating Leases	135,485	44,954	180,439	0	0	0
Depreciation	6,225,482	1,520,050	7,745,532	0	0	0
Total	\$16,612,875	\$4,586,172	\$21,199,047	\$0	\$0	\$0

**DETROIT TRANSPORTATION CORPORATION
URBAN REGULAR SERVICE REVENUE REPORT
YEAR ENDED SEPTEMBER 30, 2007**

OAR SCHEDULE 4R

Code	Description	Amount
401 :	Farebox Revenue	
40100	Passenger Fares	\$1,090,467
405 :	Charter Service	
40500	Charter Service	0
406 :	Auxillary Trans Revenues	
40615	Advertising	224,864
407 :	Non Trans Revenues	
40710	Sales of Maintenance Services	0
40720	Rental of Bldgs or Other Property	21,856
408 :	Local Revenues	
40800	Taxes Levied Directly for / by Transit Agency	0
409 :	Local Revenue	
40910	Local Operating Assistance	6,957,457
411 :	State Formula and Contracts	
41101	State operating Assistance	4,149,609
413 :	Federal Contracts	
41399	Federal Operating Grant (2007 Homeland Security Grant)	13,166
414 :	Other Revenue	
41400	Investment Income	1,114,617
	Miscellaneous Income	6,263
Total Revenues		<u>\$13,578,299</u>

**DETROIT TRANSPORTATION CORPORATION
URBAN REGULAR SERVICE EXPENSE REPORT
YEAR ENDED SEPTEMBER 30, 2007**

OAR SCHEDULE 4E

Code	Description	Operations	Maintenance	General Administration	Total
501 :	Labor				
50101	Operators' Salaries & Wages	\$1,042,429	\$0	\$0	\$1,042,429
50102	Other Salaries & Wages	664,751	1,460,682	1,279,073	3,404,506
50103	Dispatchers' Salaries & Wages	0	0	0	0
502 :	Fringe Benefits				
50200	Other Fringe Benefits	478,245	297,694	483,899	1,259,838
50201	Pensions	0	0	559,103	559,103
503 :	Services				
50302	Advertising Fees	0	0	278,630	278,630
50305	Audit Costs	5,848	0	17,544	23,392
50399	Other Services	23,506	3,352,988	661,102	4,037,596
504 :	Materials & Supplies Consumed				
50401	Fuel & Lubricants	0	0	0	0
50402	Tires & Tubes	0	0	0	0
50499	Other Materials & Supplies	21,009	542,516	136,295	699,820
505 :	Utilities				
50500	Utilities	148,979	598,556	56,201	803,736
506 :	Insurance				
50603	Liability Insurance	567,927	0	0	567,927
50699	Other Insurance	0	0	246,568	246,568
508 :	Purchased Transportation Services				
50800	Purchased Transportation Services	0	0	0	0
509 :	Miscellaneous Expenses				
50902	Travel & Meetings	9,761	8,704	37,922	56,387
50903	Association Dues & Subscription	65	33,611	51,699	85,375
50999	Other Miscellaneous Expenses	(65)	17,873	189,961	207,769
511 :	Interest Expense				
51102	Interest on Short Term Debt	0	0	0	0
512 :	Operating Leases & Rentals				
51200	Operating Leases & Rentals	3,898	7,773	168,768	180,439
513 :	Depreciation				
51300	Depreciation	0	0	7,745,532	7,745,532
550 :	Ineligible Expenses				
55006	Other Ineligible Interest Expense	0	0	0	0
	Other Ineligible Expense	0	0	514,768	514,768
55007	Ineligible Depreciation	0	0	7,745,532	7,745,532
55015	Ineligible Charter	0	0	0	0
560 :	Ineligible Expenses				
56001	Ineligible Expenses Associates with sale of Maintenance Service	0	0	0	0
		0	0	0	0
56004	Ineligible Expenses Associates with Rental	0	0	0	0
Total Expenses					\$21,199,047
Total Ineligible Expenses					\$8,260,300
Total Eligible Expenses					\$12,938,747

**DETROIT TRANSPORTATION CORPORATION
URBAN REGULAR SERVICE NONFINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2007**

OAR SCHEDULE 4N

Public Service

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle Hours	43,120	8,273	6,300	57,693
611	Vehicle Miles	456,166	83,812	46,561	586,539

Miscellaneous Information

Code	Description	Quantity			
630	Charter Service Hours	0	0	0	0
631	Charter Service Miles	0	0	0	0

**DETROIT TRANSPORTATION CORPORATION
OPERATING ASSISTANCE CALCULATION
YEAR ENDED SEPTEMBER 30, 2007**

SCHEDULE 5

	Urban			Nonurban		
	10/01/06 to 06/30/2007	07/01/07 to 09/30/2007	Total	10/01/06 to 06/30/2007	07/01/07 to 09/30/2007	Total
Total Expenses	\$16,612,875	\$4,586,172	\$21,199,047	\$0	\$0	\$0
Less Ineligible Expenses						
Employee Litigation Expenses	209,517	0	209,517	0	0	0
Advertising Expenses	29,745	0	29,745	0	0	0
Miscellaneous Revenue	5,941	0	5,941	0	0	0
Dues & Subscription	4,758	0	4,758	0	0	0
Beam Repair Expenses	264,123	0	264,123	0	0	0
(Paid from Restricted Assets)			0	0	0	0
FTA Grant (MI-03-0161-01)	684	0	684	0	0	0
Depreciation	6,225,482	1,520,050	7,745,532	0	0	0
Total Ineligible Expenses per R&E Manual	6,740,250	1,520,050	8,260,300	0	0	0
Total State Eligible Expenses	\$9,872,625	\$3,066,122	\$12,938,747	\$0	\$0	\$0

Eligible Expenses for State Reimbursement	\$9,872,625	\$3,066,122	\$12,938,747	\$0	\$0	\$0
x Reimbursement Percentage	32.52	30.6260		32.52	30.6260	32.52
State Operating Assistance	\$3,210,578	\$939,031	\$4,149,609	\$0	\$0	\$0

**DETROIT TRANSPORTATION CORPORATION
OPERATING ASSISTANCE CALCULATION
YEAR ENDED JUNE 30, 2008**

SCHEDULE 6

	<u>Urban</u>	<u>Non Urban</u>
Total Expenses	<u>\$19,320,879</u>	<u>\$0</u>
Less Ineligible Expenses		
Employee Litigation Expenses	\$35,000	\$0
Legal & Professional Charges	52,670	0
Advertising Expenses	32,481	0
Miscellaneous Revenue	1,983	0
Bank Charges	48,496	0
Dues & Subscription	54,945	0
Receivables written off	259,949	0
Expenses written off	23,297	0
Safety Audit	33,440	0
Beam Repair Expenses	56,604	0
(Paid from Restricted Assets)		
Cobo Bond Revenue	3,982	0
Homeland Security Grant	13,166	0
(2007 Homeland Security Grant CFDA 97.075)		
Depreciation	6,230,186	0
Total Ineligible Expenses per R&E Manual	<u>\$6,846,199</u>	<u>\$0</u>
Total State Eligible Expenses	<u>\$12,474,680</u>	<u>\$0</u>

Eligible Expenses for State Reimbursement	\$12,474,680	\$0
x Reimbursement Percentage	<u>30.6260</u>	<u>30.6260</u>
State Operating Assistance	3,820,495	0
Additional Operating Assistance from previous years.	239,184	0
Total	<u>\$4,059,679</u>	<u>\$0</u>